

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on its own)	Application No. NUSF-50
motion, to make adjustments to the)	
universal service fund mechanism)	Comments of Sprint in Response to
established in NUSF-26.)	Progression Order No. 1
)	

COMMENTS OF SPRINT

Sprint Nextel Corporation, on behalf United Telephone Company of the West and Sprint Communications Company L.P., provides these comments in response to the questions set forth in the Commission's Progression Order No. 1 in this docket, entered on January 18, 2006.

Generally, Sprint Nextel believes that the Commission should not modify the NUSF mechanism at this time. The decrease in the NUSF surcharge does not appear to be substantial enough to cause a significant under-funding of the NUSF which would warrant a modification to this mechanism.

However, should the Commission, as part of this docket, decide to modify the mechanism, Sprint provides the following comments in response to specific questions the Commission has asked:

1. Should the Commission make across the board cuts to the amount of support distributed to eligible carriers (paragraph 4)?

Any cuts the Commission would make to the amount of NUSF support distributed to eligible carriers must be fair and equitable to all carriers. The

Commission must ensure that any cuts suggested or made to the support distributed do not negatively impact some carriers more than others.

2. Should the Commission reduce the rate of return cap (paragraph 5)?

The determination of the appropriate rate of return is a complex and time consuming process and is beyond the scope of this proceeding. The Commission should not make an arbitrary judgment on the appropriate rate of return for carriers based solely on potential reductions to NUSF distributions.

3. Should the Commission modify the way it calculates earnings (paragraph 6)?

These issues are beyond the scope of the current proceeding.

4. Should the Commission adjust NUSF support amounts for carriers that, over time, increasingly exceed the rate of return cap (paragraph 7)?

The Commission should make the appropriate adjustments on a company by company basis when a company's earnings exceed the rate of return cap.

5. Should the Commission increase the benchmark from \$17.50 to \$18.50 (paragraph 8)?

Sprint Nextel supports increasing the benchmark rate, so long as each carrier has the option of implementing the new rate. However, any carrier that chooses not to increase its local rate to the \$18.50 benchmark should not be allowed to recover the forgone revenues through the NUSF.

6. Should the Commission give consideration to the carriers' ability to make adjustments to rates for services other than supported rates (paragraph 10)?

No. While increasing rates for these services is one way to recover any loss in NUSF funding, it is not the preferred method to do so. Broadband and vertical services are discretionary services. The Commission should not look to a carrier's ability to increase rates for non-supported services as a means of subsidizing supported services.

7. Should the Commission allow carriers to increase their access rates (paragraph 11)?

No. Sprint Nextel does not believe the Commission should allow carriers to raise intrastate access rates to recover/subsidize any reductions in the NUSF distribution. As with broadband and vertical services, the Commission should not seek to subsidize local service with rate increases on intrastate access services.

8. What other ways might the Commission address these issues?

The Commission should pursue efforts to increase competition throughout Nebraska. Acting on pro-competition policies such as eliminating subsidies in access charges and eliminating interconnection roadblocks will help spread competition so that customers will have multiple providers of affordable service.

Sprint Nextel respectfully submits these comments this 24th day of March, 2006.

By: _____
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